

Message Text

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E.O. 11652: GDS

TAGS: MARR, JA

SUBJECT: DEFENSE RESPONSIBILITY SHARING

SUMMARY: IN PREPARING FOR FURTHER DISCUSSIONS WITH GOJ ON DEFENSE RESPONSIBILITY SHARING, EMBASSY WOULD APPRECIATE DEPARTMENT'S GUIDANCE ON CONCEPT OF DEFENSE BURDEN SHARING WE MAY WISH TO PROPOSE TO GOJ. SHOULD WE BE TALKING ABOUT BALANCE OF PAYMENTS EFFECTS OR ACTUAL EXPENDITURES? IF ACTUAL EXPENDITURES IS THE CRITERION, SHOULD WE BE TALKING ABOUT EXPENDITURES ONLY FOR FORCES IN JAPAN, EXPENDITURES FOR SECURITY ACTIVITIES THROUGHOUT THE FAR EAST, OR EXPENDITURES FOR SOME INTERMEDIATE AREA? ACTION REQUESTED: DEPARTMENT GUIDANCE AS TO BURDEN SHARING CONCEPTS, PERTINENT DATA TO SUPPORT OUR POSITION, AND INFORMATION CONCERNING FRG OFFSET ARRANGEMENTS. END SUMMARY.

1. IN PREPARING FOR FURTHER DISCUSSIONS WITH GOJ CONCERNING BURDEN SHARING, EMBASSY HAS ATTEMPTED TO MARSHALL DATA TO SUPPORT OUR GENERAL PROPOSITION THAT USG IS BEARING THE MAJOR BURDEN FOR SECURITY IN THE AREA OF THE FAR EAST AFFECTING JAPAN AND THAT JAPAN, THEREFORE, OUGHT
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TO INCREASE ITS CONTRIBUTION FOR OUR MUTUAL GOOD. IN

OUR EFFORTS, HOWEVER, WE HAVE RUN UP AGAINST SEVERAL PROBLEMS WITH THE CONCEPT OF BURDEN SHARING AND CONSIDER THAT WE NEED DEPARTMENT GUIDANCE AND ASSISTANCE BEFORE WE ENGAGE GOJ AGAIN IN DISCUSSION.

2. IN THE FIRST PLACE, SHOULD WE BE DISCUSSING BALANCE OF PAYMENTS IMPACT OR ACTUAL COSTS? WE UNDERSTAND THAT FRG OFFSET AGREEMENT CONCERNS PRIMARILY BOP IMPACT. IF WE ARE DISCUSSING BOP, WE HAVE SOME USEFUL FIGURES PROVIDED LOCALLY. IN US FY-73, SUCH PURCHASES TOTALED \$801 MILLION. THIS FIGURE, HOWEVER, INCLUDES YEN PURCHASED NOT ONLY FOR OFFICIAL USE, BUT ALSO FOR USE OF INDIVIDUAL SOFA PERSONNEL AND FOR PX AND COMMISSARY PURCHASES IN JAPAN. EVEN IF WE CONSIDER THAT SUCH PURCHASES FROM JAPANESE SOURCES REPRESENT BOP IMPACT ON US OF OUR MILITARY ACTIVITIES IN JAPAN WHEN SUCH PURCHASES ARE MADE BY PERSONNEL IN JAPAN, FACT REMAINS THAT MUCH PX MERCHANDISE PURCHASED IN JAPAN IS RESOLD IN PX'S OUTSIDE JAPAN. ACCORDINGLY, IF BOP FLOW IS CRITERION FOR BURDEN SHARING, WE PROBABLY SHOULD REDUCE OUR OVERALL YEN PURCHASE FIGURE BY FACTOR YET TO BE DETERMINED TO PRODUCE RELEVANT FIGURE FROM WHICH WE CAN BEGIN TO NEGOTIATE. (MAJOR REVERSE BOP FLOW IN DEFENSE AREA IS PRODUCED BY GOJ PURCHASES OF US MILITARY EQUIPMENT IN US. DURING FOURTH DEFENSE BUILDUP PLAN IN JFY-72 TO 76, GOJ PLANS PURCHASE ANNUAL AVERAGE OF \$140 MILLION WORTH OF US MILITARY EQUIPMENT.).

3. IF BURDEN SHARING MEANS THAT USG AND GOJ MARSHALL DATA CONCERNING THEIR RESPECTIVE ACTUAL COSTS OF DEFENSE PURPOSES IN THE AREA CONCERNING JAPAN, WE IMMEDIATELY RUN INTO PROBLEM OF DEFINING THAT AREA. ARE WE CONCERNED ONLY WITH AREA IMMEDIATELY AROUND JAPAN, THE ENTIRE FAR EAST (WHATEVER "FAR EAST" MAY MEAN), OR AN AREA WITHIN "FAR EAST" WHICH CAN BE SAID REASONABLY TO RELATE TO DEFENSE OF JAPAN? EMBASSY CONSIDERS THAT WE CAN NEVER PERSUADE GOJ THAT BURDEN SHARING AREA SHOULD INCLUDE ENTIRE EXTENT OF FAR EAST AS WE DEFINE IT (I.E. EXTENDING TO INDOCHINA). ACCORDINGLY, WE CONSIDER THAT WE MUST EITHER NEGOTIATE WITH GOJ TO DETERMINE DEFENSE AREA WITHIN "FAR EAST" WHICH GOJ MAY AGREE RELATES DIRECTLY TO DEFENSE OF JAPAN, OR CONTENT OURSELVES WITH EXPENDITURES

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ONLY FOR IMMEDIATE DEFENSE OF JAPAN. OBVIOUSLY WE SHOULD BEGIN NEGOTIATIONS WITH EFFORT TO ESTABLISH BROADEST POSSIBLE AREA. ACCORDINGLY, WOULD APPRECIATE DEPARTMENT'S GUIDANCE AS TO EXTENT OF AREA WE SHOULD PROPOSE TO GOJ. (IN OUR VIEW IT WOULD BE EXTREMELY DIFFICULT TO PERSUADE GOJ THAT AREA THAT COULD BE SAID TO RELATE TO JAPAN'S DEFENSE EXTENDS BEYOND HOKKAIDO, SOUTH KOREA, AND TAIWAN.) MOREOVER, SINCE IT WOULD BE FRUITLESS TO DEBATE EXTENT OF DEFENSE AREA WITH

JAPAN UNLESS WE HAVE COST FIGURES FOR USG DEFENSE EXPENDITURES RESPECTING THAT AREA, WOULD APPRECIATE DEPARTMENT PROVIDING ANY SUCH AVAILABLE FIGURES TO USE FOR ILLUSTRATIVE PURPOSES. PRESUMABLY, WE MUST ALLOCATE TO ANY AREA SELECTED, DOD EXPENDITURES RESPECTING STRATEGIC NUCLEAR WEAPONS, MAC, COMMUNICATIONS SYSTEMS, AND SEVENTH FLEET. FURTHERMORE, IT WOULD SEEM THAT WE MUST, TO BE FAIR, ALLOCATE ALSO SOME EXPENSE BURDENS TO OTHER COUNTRIES WHOSE INTERESTS ARE INVOLVED (I.E., ROC AND ROK).

4. DEPARTMENT MAY WISH CONSIDER EFFECT OF OPENING OF NEGOTIATIONS IN RESPECT ONLY OF EXPENDITURES MADE IN JAPAN FOR WHATEVER AREA OF OPERATION. FIGURES COMPLIED HERE BY INDIVIDUAL SERVICE COMPTROLLERS FOR US MILITARY COSTS BUDGETED IN JAPAN SHOW THAT WE ANTICIPATE SPENDING \$772.9 MILLION IN US FY-74. THIS FIGURE IS RATHER SMALL, HOWEVER, AND MAY NOT STACK UP WELL EVEN AGAINST GOJ EXPENDITURES RELATED TO MAINTENANCE OF US MILITARY FORCES IN JAPAN. FOR EXAMPLE, FOR JFY-74 DFAA HAS SUBMITTED BUDGET REQUEST FOR BASE-RELATED COSTS AND RELOCATION OF US BASES TOTALING \$605 MILLION. IN ADDITION, GOJ IS PROVIDING NATIONAL LANDS FOR US FORCES' USE WHOSE ANNUAL RENTAL VALUE IS BETWEEN \$400 AND \$600 MILLION ANNUALLY. THUS, WITHOUT ADDING GOJ EXPENSES FOR JDA, AND BASE-RELATED EXPENDITURES OF GOJ MINISTRIES OTHER THAN DFAA (E.G., POLICE, CONSTRUCTION, AND STA) GOJ COULD OPEN BURDEN SHARING NEGOTIATIONS WITH OBSERVATION THAT IN JFY-74, AT LEAST, GOJ DEFENSE EXPENDITURES IN JAPAN EXCEED USG DEFENSE EXPENDITURES IN JAPAN.

5. SINCE IT CLEARLY WOULD NOT RPT NOT BE TO US ADVANTAGE TO OPEN DISCUSSIONS WITH GOJ ON BURDEN SHARING IF WE CANNOT RPT NOT ARGUE FORCEFULLY THAT OUR DEFENSE EXPENDITURES, BY SOME CRITERION, SURPASS THOSE OF GOJ, EMBASSY WOULD APPRECIATE DEPARTMENT'S ASSISTANCE IN REFINING MORE CLOSELY OUR CONCEPT
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OF BURDEN SHARING AND PROVIDING PERTINENT FIGURES. IT WOULD ALSO BE HELPFUL IF EMBASSY WERE PROVIDED DETAILED INFORMATION ON OUR OFFSET ARRANGEMENTS WITH FRG FOR PURPOSE OF INEVITABLE COMPARISON AS OUR DISCUSSIONS UNFOLD.
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